



 Conseil National de la Comptabilité

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**Le Président**

**JFL/IGG/DC**

**N°39**

**IFRIC**

**30 Cannon Street**

**LONDON EC4M 6XH**

**UNITED KINGDOM**

Re: IFRIC tentative agenda decision relating to impairment and the meaning of “significant or prolonged” under IAS 39

Dear Sir or Madam,

I am writing on behalf of the Conseil National de la Comptabilité (CNC) to express our views on the above-mentioned tentative agenda decision published in the May 2009 IFRIC Update.

The CNC acknowledges the IFRIC tentative decision not to take onto its agenda a request for interpretation on the meaning of ‘significant or prolonged’ in recognising impairment on available for sale equity instruments in accordance with IAS 39 and to provide guidance on existing practices that are inconsistent with IAS 39.

The CNC notes that the IFRIC answered questions relating to the way this requirement of IAS 39 is applied in practice by highlighting the relevant provision in the standard.

Moreover, the CNC agrees that each investment is unique and, consequently, the appraisal of a significant or prolonged decline is difficult to assess with the same rule applied to each investment of a given portfolio. Judgement must be used to determine what constitutes a significant or prolonged decline. However, judgement must be applied consistently and based on objective facts.

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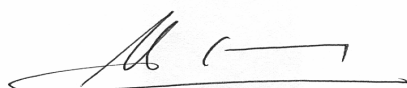
The IFRIC tentative decision should be more explicit about the disclosures expected to be provided about the judgements made in determining the existence of objective evidence of impairment. For example, the IFRIC could usefully clarify:

- That entities should disclose qualitative information on the internal process regarding determination of the existence of impairment and factors used to exercise judgement on each investment ; and
- Whether any quantitative information is required, additionally to other disclosures already required such as IFRS7.20a)(ii) and 20e) and, in such case, state which kind of quantitative information would have to be disclosed. For example, would entities be required to disclose, the ultimate level which is judged to represent a significant or prolonged decline ?

Beyond this specific issue, the CNC believes that, as already expressed in a recent letter<sup>1</sup>, a thorough review of impairment principles on financial instruments is urgently needed, including the review of the circumstances leading to impairment for equity instruments.

We hope you find these comments useful and would be pleased to provide any further information you might require.

Yours sincerely,



Jean-François LEPETIT

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<sup>1</sup> CNC's comment letter to IASB "Request for views on Proposed FASB Amendments on Fair Value Measurement and to Impairment Requirements for Certain Investments in Debt and Equity Securities" (April 2009)